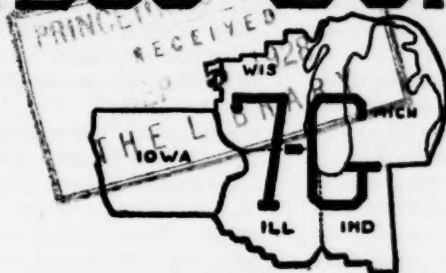


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 11, No. 9

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

September 1, 1928

NATIONAL SUMMARY OF BUSINESS CONDITIONS

INDUSTRIAL and trade activity was in larger volume in July than is usual in midsummer, and the general level of commodity prices advanced slightly. Member bank holdings of securities and loans on securities declined in July and August, while all other loans increased to the highest level since 1921. Conditions in the money market remained firm.

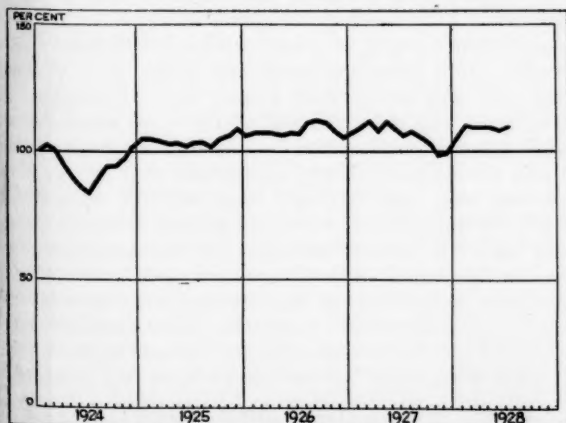
PRODUCTION—Production of manufactures and minerals showed a smaller decrease than usual in July, and the index of industrial production, which makes allowance for seasonal variations, advanced. Production of steel, bituminous coal, petroleum, automobiles, and footwear was larger in July than in June, while activity in textile mills, meat packing, and copper and anthracite mines declined. Lumber production showed less than the usual seasonal decrease. Steel mill activity, which during July was at an unusually high level for the summer season was well maintained during August. Weekly reports from Detroit factories show a larger volume of employment in the middle of August than at any previous date, indicating that automobile production continued large in that month. Building contracts awarded declined by somewhat more than the usual seasonal amount in July, but were larger than in any previous July, the increase over last year being chiefly in residential building. Contracts awarded in the first two weeks in

August were slightly smaller than in the same period of last year. Estimates of the Department of Agriculture as of August 1 indicate considerable improvement in crop conditions during July. Estimated wheat production was 891,000,000 bushels, larger by 91,000,000 than on July 1, and slightly larger than the yield in 1927. The corn crop is expected to be more than 3,000,000,000 bushels, an increase of 250,000,000 bushels from last year. Forecasts for other grain crops were also larger than the July 1 estimates, and in most cases exceeded last year's yields. The August 1 forecast of cotton production was 14,290,000, as compared with yields of 12,955,000 bales in 1927 and nearly 18,000,000 bales in 1926.

TRADE—Distribution of commodities at wholesale and retail was in large volume in July. Sales of dry goods and shoes at wholesale were larger than in June, and those of other lines were only slightly smaller. Department store sales, after allowance for seasonal changes, increased in July. Compared with July a year ago, trade of both wholesale and retail firms was larger. Stocks of department stores and of wholesale firms continued smaller than a year ago.

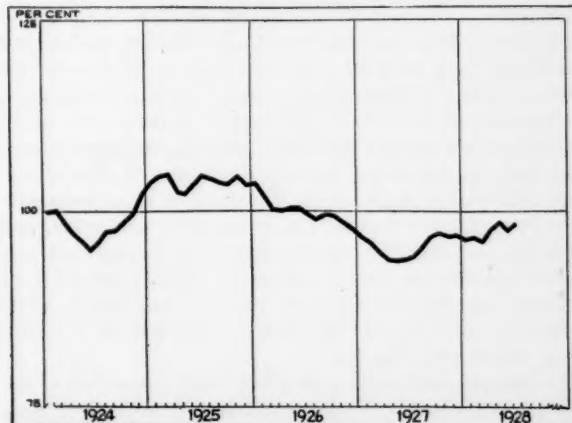
Freight carloadings increased by more than the usual seasonal amount in July and for the first time this year were larger than in the corresponding month of 1927. In-

INDUSTRIAL PRODUCTION



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100). Latest figure, July, 1928: 109.

WHOLESALE PRICES



Index of the U. S. Bureau of Labor Statistics (1926 = 100, base adopted by the Bureau). Latest figure, July, 1928: 98.3.

Compiled August 27, 1928

creases compared with last year, were reported in loadings of miscellaneous commodities and of grain, reflecting the early harvesting of the crop this year. The largest decrease, as compared with a year ago, was in live-stock shipments. During the first two weeks in August total loadings were in about the same volume as in the corresponding weeks of last year.

PRICES—The general level of wholesale commodity prices increased slightly in July, reflecting chiefly advances in the prices of live stock and meats, although there were also small increases in hide and leather products, textiles, petroleum products, and building materials. There was a sharp decline in the price of grains, other than corn, and some decrease in chemicals and drugs, silk, rubber, and automobile tires. During the first half of August there were increases in the prices of sugar, hogs, and pork products, coke, and lumber, and decreases in grains, cotton, wool, and hides.

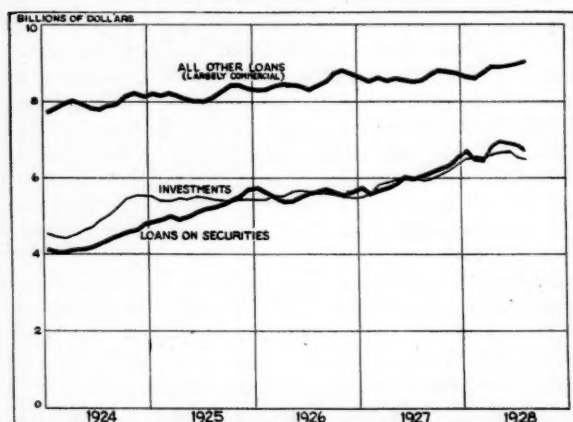
BANK CREDIT—Between July 18 and August 15 total loans and investments of member banks in leading cities decreased by about \$130,000,000. This decline re-

flected a considerable reduction in investments, chiefly at banks in New York City, and some further decline in loans on securities. All other loans, which include loans for commercial purposes, showed a small seasonal increase, and at the middle of August were in the largest volume since early in 1921 and nearly \$230,000,000 larger than at the autumn peak of last year. There was a further large decline in net demand deposits, and practically no change in time deposits.

Volume of reserve bank credit outstanding showed little change between July 25 and August 22. Discounts and acceptance holdings increased slightly, while United States security holdings were practically unchanged. Increased demand for currency, which is usual at this time of the year, has not resulted in an equivalent growth in reserve bank credit, because it was offset in part by a decline in reserves required by member banks, which reflected the decrease in their deposits.

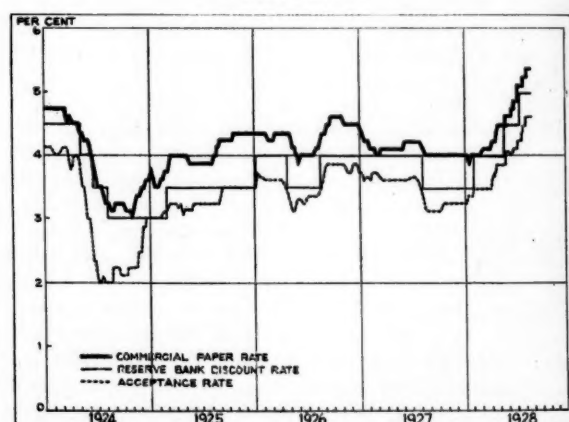
There were further increases between the middle of July and the middle of August in open-market rates on collateral loans, commercial paper, and bankers' acceptances.

MEMBER BANK CREDIT



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures, averages for first three weekly report dates in August, 1928: All Other Loans, 9,027 million; Loans on Securities, 6,773 million; and Investments, 6,498 million.

MONEY RATES



Weekly rates in New York money market—Commercial paper rate on 4 to 6 months' paper, and acceptance rate on 90-day paper. Latest figures, August 24, 1928: Commercial Paper Rate, 5.38 per cent; N. Y. Reserve Bank Discount Rate, 5 per cent; Acceptance Rate, 4.625 per cent.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

Recent weeks have evidenced a seasonal slowing-down in certain lines of industry and trade, but in many phases of the business structure activity is greater than a year ago at this time. The iron and steel, automobile, agricultural machinery, and building industries have been showing expansion over the 1927 volume, and July data indicated a continuance of this trend. Among the industries in which conditions are quieter than last year are furniture, shoes, and coal. In comparing the July situation with June, furniture orders were much larger; shipments of shoes increased, though production declined; iron and steel production, and shipments of casting foundries were less; agricultural machinery production gained, but sales fell off; the value of building permits and contracts awarded was larger, while shipments of material declined. Employment statistics show a seasonal reduction.

In general, wholesale and retail trade were below the volume of June but showed expansion over a year ago, sales by half the wholesale lines, by department stores, retail shoe firms, and chain stores recording aggregate gains in the latter comparison. Distribution of automobiles, both

at wholesale and retail, exceeded that of last July.

The condition of crops in the district continues highly favorable. The movement of corn and wheat in July was heavier than a month or a year previous, with that of oats smaller. July output of butter and cheese declined from June, but was larger than a year ago. Production at slaughtering establishments and sales by meat packing companies likewise were smaller in July than in the preceding month, though sales showed an increase over last July.

Money rates have remained firm, with the demand for credit expanding. The volume of reserve bank credit has been heavier in volume, and loans and discounts of reporting member banks have likewise increased. Commercial paper sales were heavier in July than in June, while bankers' acceptances were smaller in volume. Debits to individual accounts, as well as savings deposits, declined in the month-to-month comparison but were larger than a year ago.

CREDIT CONDITIONS AND MONEY RATES

Demand for credit in many sections of the district is heavier at this time than a month ago or last year. Continued firmness has characterized the Chicago money mar-

ket; commercial paper rates are quoted at 5 to 5½ per cent, with only a small volume of best names commanding the lower figure. Collateral loans and customers' over-the-counter loans carry 5½ to 6 per cent, unchanged from last month. Other cities in the district report a firming tendency in rates. The average rate earned on loans and discounts by ten large loop banks in Chicago in July was 5.44 per cent, as against 5.25 in June and 4.87 a year ago. In Detroit, the corresponding figure in July for five banks was 5.54 per cent, as compared with 5.50 per cent and 5.34 per cent in the prior month and July, 1927, respectively. In the latter city the prevailing rate on commercial loans for the week ending July 15 was 5½ to 6 per cent.

The volume of reserve bank credit in use in the district has been on a somewhat higher level in recent weeks. On August 8 total bills and securities stood at \$209,356,000 compared with \$188,840,000 July 11. For the five weekly reporting dates, July 11 to August 8, inclusive, the item averaged \$206,861,000 compared with \$203,095,000 for the preceding period, June 6 to July 3. On August 15 total bills and securities declined to \$199,334,000. Loans to member banks on August 15 were reported as \$152,580,000 and on July 18, \$154,412,000. Federal Reserve notes have increased slightly in volume since the middle of July, totaling \$276,194,000 August 15 as against \$271,337,000 July 18.

Loans and discounts of reporting member banks in the Seventh district on August 1 totaled \$2,422,773,000, a new high point, which compared with \$2,403,738,000 July 3 and \$2,277,042,000 August 3 a year ago. On August 15 this year, the item increased slightly over the preceding week to \$2,419,354,000. During recent weeks the aggregate of loans on collateral in Chicago has been on a somewhat lower level than during June and the fore part of July, while commercial loans have moved upward. Investment holdings of reporting members have declined; \$890,568,000 on August 15 compared with \$894,371,000 July 18. Net demand deposits on August 15 were reported as \$1,851,842,000, against \$1,841,326,000 July 18. Time deposits have exhibited a downward movement since the high point the middle of June. On August 15, \$1,245,731,000 compared with \$1,262,550,000 July 18, and \$1,306,188,000 June 20.

Commercial paper sales for July in the Middle West increased 21.7 per cent in volume over June but were 26.8 per cent smaller than in July, 1927, according to a compilation for eleven dealers. The demand for paper averaged between poor and fair; inquiry was indicated as rather light from city banks and fairly good from the country. Supplies remained limited to fair. Selling rates ranged from 5¼ and 5¾ for high (mostly 5½) to 4¾ and 5 per cent for low, with the customary charge 5 to 5¼ per cent. Quotations on August 14 ranged from 5 and 5¼ for low to 5½ and 5¾ for high, and averaged 5 to 5½ per cent. July 31 outstandings of five dealers reporting to this bank totaled 8.3 per cent less than at the close of June and 19.9 per cent below last year; the holdings of twenty-five dealers in the United States amounted to \$483,000,000.

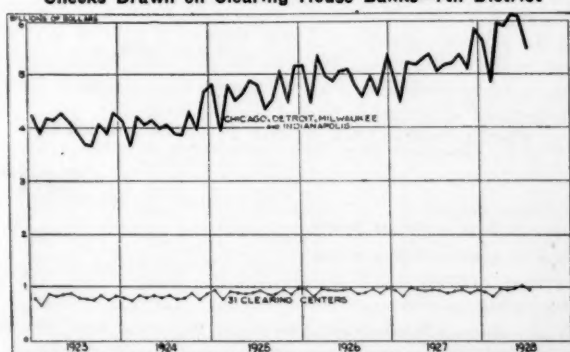
Purchases of six dealers in the Chicago open bill market averaged on a weekly basis 17.8 per cent less from July 12 to August 15 than for the preceding period, and were 20.1 per cent below a year ago. Sales increased 10.3 per cent and 10.6 per cent in the respective comparisons; those to the Federal Reserve Bank decreased. Inter-office receipts showed a gain of 5.7 per cent over those of June 14 to July 11, and a decline of 34.7 per cent from last year, while forwardings to other offices decreased 54.9 and 41.2 per cent, respectively. Bills were drawn principally against packing-house products, cotton, crude rubber, sugar, grain, butter, eggs, poultry, coffee, canned goods, oil, wool, pig iron,

burlap, machinery, electrical equipment, feathers, casings, and peanuts. The supply of paper averaged fair. Demand was indicated as poor at the beginning of the period and as fair toward the close. Ninety-day bills continued in best demand; there was inquiry at times for 60-day, 30-day, and the longer maturities. Rates firmed during the first two weeks of the period, closing on August 15 at 4½ for 30-day offerings to 5½ per cent for those of 180 days. Holdings declined slightly from those of July 11 and were 43.6 per cent less than a year ago.

The volume of bills accepted at sixteen banks in the Seventh district was 35.2 per cent smaller for July than in the preceding month and 7.8 per cent less than a year ago. Purchases decreased 70.5 from June and 89.8 per cent from last year, while sales declined 41.6 and 62.2 per cent in the respective comparisons. Acceptances at three local banks were considerably larger for the first half of August than for the corresponding weeks of July and chiefly involved transactions in packing-house products, coffee, grain, rubber, crude oil, general merchandise, pig iron, raw silk, sugar, toys, hides, shoes, burlap, tea, lily bulbs, rattan, olive oil, machinery, and nuts. Liability of the banks for outstanding acceptances was 5.3 per cent lower on July 31 than at the close of June, but was 42.0 per cent in excess of a year ago. Holdings receded 77.0 per cent from June 30 and 51.4 per cent from last July; the amount of bills retained in portfolios of banks of origin decreased 70.1 and 44.6 per cent in the comparisons. The Federal Reserve Bank of Chicago bought \$13,102,718 of bankers' acceptances during the month and had \$11,579,762 of this class of bills on hand July 31.

Volume of Payment by Check—A drop of 10 per cent from June was shown in the July volume of payment by check, as reported by thirty-seven cities in the Seventh district. The aggregate for July was \$6,455,520,000, as against \$7,169,487,000 the preceding month. In the four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, the decline in the July total was 10.6 per cent, and in Chicago alone 12.5 per cent. In the latter city the aggregate amounted to \$3,902,532,000 compared with \$4,458,299,000 in June. Thirty-three smaller cities registered a decrease of 6.3 per cent in the monthly comparison. All items were in excess of July, 1927, the aggregate for thirty-seven cities showing a gain of 7.4 per cent, for the four larger cities 8.5 per cent, and for the thirty-three smaller reporting centers 1.6 per cent, while in Chicago the volume of payment by check in July was 6.8 per cent over the corresponding month last year.

VOLUME OF PAYMENT BY CHECK
Checks Drawn on Clearing House Banks—7th District



Figures used are estimates for calendar months based on weekly reports to this bank. Latest figures, July, 1928, in thousands of dollars: Chicago, Detroit, Milwaukee, and Indianapolis, 5,475,950; 31 Other Clearing House Centers, 948,744.

Savings Deposits—Reports from 207 banks show a decline in Seventh district savings on August 1 of 0.5 per cent

in number of accounts, 1.1 per cent in average amount, and 1.5 per cent in total deposits, as compared with the end of June. Respective gains of 0.9, 1.6, and 2.5 per cent were recorded over a year ago. The state totals followed the same general trend, with the exception of a slight increase in the number of accounts in Iowa and Wisconsin and in the average amount in Michigan over June 30, and a recession in Illinois figures from 1927. Indiana and Michigan experienced a greater expansion over last year than the remainder of the district. Individually, nearly one-third of the banks reported larger deposits than last month, while

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Corn has made good to excellent progress in the Seventh district during the past month, so that mid-August found a fairly large percentage of the crop in the roasting-ear stage and prospects pointing to a bumper yield. Threshing has progressed fairly satisfactorily, despite the delay in a number of localities because of rain; wheat has shown a fair to poor yield per acre, while the oat yield has been good.

CROP PRODUCTION

Estimated by the Bureau of Agricultural Economics as of August 1
(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		5-Yr. Av.
	FORECAST 1928	FINAL 1927	FORECAST 1928	FINAL 1927	
Corn	1,033,313	787,986	3,029,561	2,773,708	2,775,634
Oats	608,469	454,805	1,442,173	1,184,146	1,351,723
Wheat	34,730	60,256	578,599	553,288	556,016
Spring wheat	6,835	5,304	312,693	319,307	251,362
Barley	81,160(a)	55,144(a)	344,332	264,392	192,020
Rye	7,168(a)	9,825(a)	43,274	58,811	63,831
Buckwheat	1,631(a)	1,618(a)	15,409	16,029	13,711
Flax	332(b)	379(b)	24,505	26,570	20,148
Potatoes					
(white)	74,270	51,925	459,737	406,964	393,776
(sweet)	1,704(c)	1,524(c)	81,223	93,928	81,101
Dry beans	5,537(d)	5,134(d)	16,832	16,891	16,335
Apples					
(total crop)	19,713(a)	12,907(a)	178,970	123,455	
Peaches	3,420(e)	2,007(c)	67,471	45,463	54,302
Pears	1,746(e)	1,195(e)	23,279	18,072	20,677
Grapes*	98(a)	63(a)	2,845	2,465	2,095
Tobacco**	45,432	32,840	1,357,712	1,211,301	1,337,561
Broom corn*	5.9(f)	5.3(f)	45.3	39.6	55.9
All tame hay*	15,525	21,626	88,818	106,468	91,000

*In thousands of tons. **In thousands of pounds.

(a) Five states including Seventh District. (b) Iowa and Wisconsin. (c) Illinois, Iowa, and Indiana. (d) Michigan and Wisconsin. (e) Illinois, Michigan, Indiana, and Iowa. (f) Illinois.

Grain Marketing—The movement of corn and wheat at interior primary markets in the United States was heavier in July than in June, a year ago, or the 1923-27 average for the period; oats decreased in all three comparisons. Reshipments of corn were somewhat smaller than in the preceding month. Visible supplies of wheat, corn, oats, and barley in the United States showed a seasonal increase over the corresponding Saturday of July; holdings of rye decreased. Stocks of wheat, rye, and barley were much larger than a year ago, while inventories of corn and oats were considerably smaller than in 1927. The volume of trading on the Chicago Board of Trade showed a gain of 3.3 per cent in July over June, but was 3.8 per cent below a year ago. Chicago quotations for corn were higher than in June, while those of wheat, oats, and rye declined.

FLOUR PRODUCTION IN THE SEVENTH DISTRICT

Changes in July, 1928, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JUNE 1928	JULY 1927	
Production (bbls.)	+ 2.9	— 2.6	31
Stocks of flour at end of month (bbls.)	— 8.6	+23.8	27
Stocks of wheat at end of month (bu.)	+97.4	+31.7	27
Sales (volume)	+60.6	+59.7	12
Sales (value)	+38.2	+50.6	12

Production includes wheat and other flours. Balance of items refer to wheat flour only.

Movement of Live Stock—July receipts of cattle, hogs, and calves at public stock yards in the United States declined from the 1923-27 average for the month, while those of sheep and lambs increased; with the exception of cattle, all showed a recession in volume from last month.

one-fourth of the reports showed savings below a year ago.

Bonds—The bond market in recent weeks has been quiet, and dealers are experiencing difficulty in moving issues off their shelves, though reports indicate that some improvement in this regard has been effected since the middle of July. The trend of prices continues downward. Little demand is being experienced from institutional purchasers, and with the possible exception of real estate bonds, demand from individuals is reported to be small at present price levels. The volume of new issues during the past month has been very small.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, July, 1928	206,822	623,264	270,130	89,325
Federally Inspected Slaughter, U. S.				
July, 1928	662,331	2,984,203	1,076,307	361,564
June, 1928	705,525	4,078,012	1,109,427	398,119
July, 1927	742,524	3,430,677	1,013,852	354,504

Reshipments of cattle and calves to feed lots were heavier in July than in June; those of lambs decreased.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	AUGUST 11 1928	JULY 1928	JUNE 1928	JULY 1927
Native Beef Steers (average)	\$15.10	\$15.00	\$13.90	\$11.75
Fat Cows and Heifers	10.25	10.00	10.25	7.90
Hogs (bulk of sales)	10.85	10.70	10.00	9.15
Calves	16.00	14.85	12.85	13.50
Lambs	14.95	15.60	16.60	14.35
Yearling Sheep	11.35	12.60	13.60	11.30

Meat Packing—Production at slaughtering establishments in the United States showed a recession in July from the preceding month and a year ago. Employment for the last payroll in the period declined 0.2 per cent in number, 3.3 per cent in hours worked, and 2.8 per cent in total value from the corresponding figures of June. Domestic demand improved for smoked and prepared meats, averaged good for salt pork and lard, fair for fresh pork, a trifle irregular for lamb, and remained rather slow for beef. The total value of sales billed during July to domestic and foreign customers by fifty-six meat packing companies in the United States was 0.8 per cent less than in June and 8.5 per cent greater than last year. Domestic inquiry during the early part of August averaged between good and fair. Chicago quotations for most products advanced in July over the preceding month; prices of lamb, bacon, and a few of the commoner cuts of beef eased. Inventories at packing plants and cold-storage warehouses in the United States were a little lower on August 1 than at the beginning of July or last year, but slightly in excess of the 1923-27 August 1 average. Stocks of lard, lamb, and frozen pork were heavier than a year ago.

July shipments for export were heavier than in June. Foreign demand for meats showed a slight improvement, but inquiry for lard remained rather quiet both on the Continent and in the United Kingdom. Consignment stocks already abroad and in transit to European countries were indicated as slightly larger on August 1 than at the beginning of July; some companies reported a decrease. Lard prices continued somewhat below Chicago parity, while quotations for meat were fairly well in line with those in the United States.

Dairy Products—Butter production in the Seventh district declined 8.1 per cent in July from June but was 2.6 per cent greater than for the corresponding month of 1927, according to a compilation for sixty-six creameries. Similar trends also were indicated for the United States by statistics released by the American Association of Creamery

Butter Manufacturers. The volume of sales of creamery butter billed to customers by sixty-eight companies in the Seventh district decreased 2.6 per cent from June and increased 2.9 per cent over a year ago. Wisconsin factories supplied the primary markets of that state with a 10.3 per cent smaller tonnage of American cheese during the four weeks ended July 28 than in the preceding period, although the quantity was 2.0 per cent larger than for the corresponding weeks of 1927; redistribution from these centers showed recessions of 9.6 per cent and 13.4 per cent in the respective comparisons. August 1 inventories of dairy

products at cold-storage warehouses and packing plants in the United States were seasonally larger than on July 1. Cheese and egg stocks increased over the 1923-27 August 1 average, but butter holdings declined. Smaller quantities of butter and eggs and larger tonnages of cheese were received on the Chicago market during July than in the preceding month; both decreased in volume from last year. Chicago quotations averaged steady to slightly firmer for butter and eggs and eased a little for cheese as compared with June.

INDUSTRIAL EMPLOYMENT CONDITIONS

July showed the customary decline in industrial employment, vacation periods and inventory taking effecting a reduction in the number of workers as well as in the amount of payrolls. Losses of 0.6 per cent in men and 6.1 per cent in pay were reported for the period June 15 to July 15 by plants with an employment of 342,000 people. The heaviest decline was in the metals and metal products group, where the reductions amounted to 4.1 and 8.9 per cent, respectively. All groups showed smaller payrolls, even those registering a gain in the volume of employment, the most

important of which gains were reported by the food products, vehicles, leather, and the paper and printing industries.

At Detroit the Employers' Association reports a volume of employment on August 7, 5.1 per cent larger than four weeks earlier, and 36.1 per cent ahead of a year ago. The coal industry showed a gain in employment during the month, public utilities added more workers, and building activities have continued unabated. At the free employment offices of Illinois the ratio of applicants to available positions dropped from 168 per cent to 151; at Indiana offices from 172 to 153; and in Iowa from 265 to 256.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED JULY 15 1928	JUNE 15 1928	PER CENT CHANGE	WEEK ENDED JULY 15 1928	JUNE 15 1928	PER CENT CHANGE
All groups (10)	342,000	343,936	- 0.6	\$8,897,953	\$9,471,564	- 6.1
Metals and metal products (other than vehicles)	129,195	134,692	- 4.1	3,351,156	3,678,962	- 8.9
Vehicles	33,830	33,180	+ 2.0	962,264	1,039,633	- 7.4
Textiles and textile products	24,615	25,180	- 2.2	563,184	593,749	- 5.1
Food and related products	47,241	44,816	+ 5.4	1,161,864	1,182,566	- 1.8
Stone, clay, and glass products	15,327	15,241	+ 0.6	453,625	458,617	- 1.1
Lumber and its products	30,546	30,713	- 0.6	717,439	722,503	- 7.1
Chemical products	10,187	10,077	+ 1.1	260,769	273,100	- 4.5
Leather products	14,408	14,194	+ 1.5	310,123	319,774	- 3.0
Rubber products	3,602	3,641	- 1.1	82,016	90,372	- 9.2
Paper and printing	33,049	32,200	+ 2.6	1,035,513	1,062,288	- 2.5

MANUFACTURING ACTIVITIES AND OUTPUT

Agricultural Machinery and Equipment—The aggregate value of sales billed to domestic and foreign customers by seventy-five manufacturers of agricultural machinery and equipment in the United States showed a seasonal recession in July from June of 10.9 per cent in the tractor, thresher, combination harvester-thresher group, of 2.1 per cent in barn equipment, and a gain of 13.0 per cent in the light machinery group. Increases of 49.3 per cent for the heavy group, of 13.8 per cent for "all other" (exclusive of barn supplies), and of 14.1 per cent for barn equipment were recorded in the comparison with July, 1927.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

	Changes in July, 1928, from previous months		COMPANIES INCLUDED
	PER CENT CHANGE FROM JUNE 1928	JULY 1927	
Domestic sales billed	- 8.0	+29.3	75
Sales billed for export	+26.0	+51.8	39
Total sales billed	- 3.1	+33.0	75
Production	+ 0.1	+25.9	74

Production computed from average employment during the month. Sales based on value.

Automobile Production and Distribution—Considerable expansion over corresponding figures for 1927 was shown in July production of passenger automobiles in the United States, total output aggregating 337,933, or an increase of 42.7 per cent over last July. As compared with the preceding month, a recession of 5.2 per cent was indicated. Truck production in July totaled 52,512, or 29.6 per cent more than in June and 66.1 per cent larger than a year ago.

Wholesale distribution of automobiles in the Middle West was less than in the preceding month but above July last year, while retail sales increased in number in the month-to-month comparison and continued heavier than a year ago in both number and value. Used cars sold declined from June but gained over July, 1927. New cars on hand the end of July averaged less than a month previous, though increasing in number over July 31 last year, and used car stocks followed a similar trend. Deferred payment sales of twenty-five dealers reporting them averaged 50.7 per cent of their total retail sales in July, as compared with 46.2 in June, and 46.6 per cent in July, 1927.

MIDWEST DISTRIBUTION OF AUTOMOBILES

	Changes in July, 1928, from previous months		COMPANIES INCLUDED
	PER CENT CHANGE FROM JUNE 1928	JULY 1927	
New cars			
Wholesale—			
Number sold	- 9.6	+ 6.1	29
Value	- 9.8	+ 7.6	29
Retail—			
Number sold	+11.1	+49.9	77
Value	- 9.6	+10.3	77
On hand July 31—			
Number	-28.3	+ 2.4	47
Value	-28.1	-10.5	47
Used cars			
Number sold	- 7.9	+20.0	77
Salable on hand—			
Number	- 2.4	+ 2.7	45
Value	- 9.9	- 1.4	45

Iron and Steel Products—Activity in the steel industry was well maintained through July in the Chicago district, considering the season of the year. Business in some lines

declined from June, but increases were reported in others. Operations averaged about 75 per cent of capacity. July pig iron output in Illinois and Indiana declined in the daily average from June, but was higher than a year ago. Average daily pig iron production for the United States followed a similar trend. Steel ingot production for the country averaged higher than in either the preceding month or in July last year. Unfilled orders of the United States Steel Corporation on July 31 totaled 3,570,927 tons, a drop of 66,082 tons from the amount held June 30, but comparing with 3,142,014 tons a year ago.

The price average has fluctuated within a narrow range in recent weeks, that of fourteen iron and steel products, as compiled by *Iron Trade Review*, standing at \$34.89 on August 15, the same as on July 18; on August 17, 1927, the average was \$36.23. Scrap metal prices have shown a slight strengthening tendency the past few weeks.

Activity at steel casting foundries of the Seventh district continued to decline in July, shipments, production, and orders booked being less than in either June or a year ago, except for a slight increase over June in the tonnage of new orders. Shipments and production by malleable casting foundries declined from the preceding month but were larger than for last July, and orders booked increased in both comparisons. Stove and furnace manufacturers report smaller shipments, production, and orders booked in July than a month previous; all items gained over a year ago.

Shoe Manufacturing, Tanning, and Hides—July shipments of shoes from reporting factories in the Seventh district were greater than in June and exceeded production by 12.1 per cent, although both items remained at lower levels than a year ago. Unfilled orders on the books of nineteen companies gave assurance of approximately seven weeks' future operation at the current rate of distribution. Twenty-three companies reported stock shoes on hand at the end of the month equivalent in the aggregate to 108.1 per cent of the volume of their July shipments.

CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN JULY, 1928, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JUNE 1928	JULY 1927	
Production	-10.4	-16.6	29
Shipments	+ 4.8	- 6.4	29
Stock shoes on hand	- 3.2	- 4.8	23
Unfilled orders	-13.8	-27.5	21

A slight increase in the demand for domestic sizes of coal was noticeable toward the latter part of July and early August, but the situation continues generally quiet. Practically no change has taken place in the industrial market, as buyers are awaiting decisions on the wage question in various sections of the district and consequent price adjustments before contracting for fall and winter needs. Some advance in prices of domestic coals was made August 1, while screenings dropped to lower levels through July. Illinois mines produced 3,136,914 tons of bituminous coal in July, or about 200,000 tons more than in June; 122 mines were in operation for an average of 14.7 days, and employ-

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

The usual seasonal decline in the demand for lumber took place during July, although dealers continued to book a considerable volume of orders from industrial consumers as well as from retailers in the market for building items. Sales by twenty-one wholesalers and manufacturers of the district fell off 9.3 per cent in value and 9.1 per cent in volume from the preceding month, while in comparison with the corresponding month of 1927, there was no change in board feet measure and a very slight decline, 0.4 per cent, in dollar amount. Sales at retail as reported by 245

Seventh district leather production decreased in July from June and a year ago; the total value of sales billed to customers increased in both comparisons, according to reports sent direct to this bank by representative tanners. Individually, however, half the tanneries reported increased production over last year and smaller sales than a month previous. Prices held only moderately steady.

The Chicago market for packer green hides and calf skins was slightly more active in July than in the preceding month. Shipments from the city were indicated slightly in excess of June. Prices showed a firm tendency during early July and then eased after mid-month.

Furniture—The usual seasonal gain in orders was recorded during July, the aggregate volume of new business booked by twenty-six furniture manufacturers in the Seventh district increasing 83.2 per cent over June, although ten firms reported declines in the comparison. Orders received in July this year totaled 2.7 per cent below those of last July. Shipments were 3.4 per cent less in the monthly comparison and 18.3 per cent below the volume of a year ago. Unfilled orders on hand July 31 gained 77.5 per cent over the amount held June 30, but averaged 6.4 per cent under the corresponding date of 1927. At the rate of July shipments, more than seven weeks' business remained on the books at the end of the month, which compares with six weeks' a year ago. An average rate of operations in July of 75.1 per cent of capacity compared with 78.3 a month previous and 77.8 in July last year.

Raw Wool and Finished Woolens—Conditions in the raw wool market remained very quiet through most of July. Toward the latter part of the month and early in August somewhat greater activity was reported, but sales were decidedly spotty. Interest in the finer grades of fleece wool increased somewhat in July, while the medium grades, which had previously been in greatest demand, showed less activity. Prices on the former remained fairly steady through the month, but medium wools declined 1 to 2 cents per pound. Manufacturers of finished goods continue to make preparations for the Spring 1929 openings. The American Woolen Company opened its line of spring staples at reduced prices, which was contrary to general expectations.

COAL

ing 36,424 men, which compares with 114 mines, 14.1 days, and 34,232 men in the preceding month.

United States production of bituminous coal for July totaled 36,276,000 tons, a larger amount than in either June or the corresponding month a year ago. Stocks of bituminous coal in consumers' hands July 1 were estimated as 41,700,000 tons, or 6,600,000 tons less than on April 1, but about usual for this season of the year. The Ore and Coal Exchange at Cleveland reports distribution of bituminous coal from Lake Erie ports to American lake ports as heavier in July than in June and also greater than in the same month of previous years.

yards were below either June or a year ago in value, the comparison with the former month showing a decline of 10.1 per cent and with the latter of 7.7 per cent. Total lumber receipts at Chicago were 5.8 and 4.7 per cent smaller in July than in June or a year ago, while the volume shipped out of the city was 32.6 per cent of receipts, as compared with 34.6 per cent in the preceding month and 40.4 per cent in July, 1927.

Outstanding accounts of reporting wholesale firms were somewhat larger at the close of July than a month or a

year earlier. Their ratio to sales was 143 per cent, as compared with 127 for June and 142 last July. At retail, outstandings declined in both the monthly and yearly comparisons, though they increased in relation to sales, the ratios being 314 in July, 284 in June, and 303 a year ago.

Cement producers in the Seventh district report shipments for July as disappointing in volume, with a reduction in operations pending. For the country as a whole, production was 0.2 per cent less than in June, shipments gained 8.0 per cent, and stocks declined 9.8 per cent. In the brick industry deliveries and shipments in the Chicago district were somewhat lower than in June, and approximately 20 per cent below the volume of July, 1927. Stocks have shown a considerable increase during the past month.

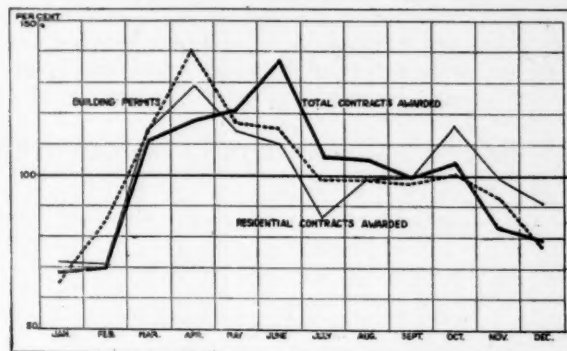
Building Construction—Building contracts awarded in the Seventh district during July amounted to \$140,688,605, reflecting an increase of 9.4 per cent over June and of 30.9 per cent over July, 1927. For the first seven months of the year, awards have exceeded those of the corresponding period of 1927 by 15.6 per cent. Residential contracts were 41.3 per cent of the total for this period, a slightly higher average than the 39.6 per cent of a year ago. In July, residential awards were \$52,045,792, an increase of 4.1 per cent over June and of 31.6 per cent over July, 1927.

In fifty cities of the district, permits issued reflected a decrease in the number of projects contemplated, but a gain in valuation of 8.5 per cent in the monthly and of 18.2 per cent in the yearly comparison. Fifty-two additional cities for which a monthly comparison is available recorded

a loss of 9.4 per cent in the number of permits and a gain of 1.5 per cent in estimated cost. For the year to date, however, permits issued have fallen below those of 1927, both in number and cost, the former showing a decline of 9.5 per cent and the latter of 11.5 per cent.

The gains reflected by the above percentages are contrary to the usual trend for July. According to the accompanying chart based on the monthly fluctuations exhibited for the years 1919 to 1928, contracts awarded in July, both total and residential, are normally 22 per cent lower than in June, while permits show a decline of about 15 per cent.

SEASONAL INDICES OF BUILDING CONTRACTS AND PERMITS AWARDED IN THE SEVENTH DISTRICT



Based on dollar figures for the years 1919-1928.

MERCHANDISING CONDITIONS

Wholesale Trade—All wholesale lines reporting to this bank had smaller sales in July than in the preceding month, while half the groups showed increases over a year ago and half recessions. For the year to date, grocery, hardware, and dry goods firms report declines from the same period of 1927 of 2.5, 5.6, and 4.2 per cent, respectively, and drugs, shoes, and electrical supplies indicate gains of 4.1, 6.0, and 2.1 per cent. Stocks on July 31 were higher in the majority of lines than a month previous, with only shoes showing a

gain over a year ago. Collections in most groups were smaller than in June but larger than in July last year. A greater number of reports than previously indicate that the collection situation is much improved. Prices for the most part are steady, although a slight downward trend is shown in wholesale grocery trade and the majority of electrical supply firms indicate declining prices. A continued favorable situation is reported from sections of the district with excellent crop prospects.

WHOLESALE TRADE DURING THE MONTH OF JULY, 1928

	Net Sales During Month		Stocks at End of Month		Accounts Outstanding End of Month			Collections During Month	
	PER CENT	CHANGE FROM	PER CENT	CHANGE FROM	PER CENT	CHANGE FROM	RATIO TO	PER CENT	CHANGE FROM
	PRECEDING	SAME MONTH	PRECEDING	SAME MONTH	PRECEDING	SAME MONTH	NET SALES	PRECEDING	SAME MONTH
	MONTH	LAST YEAR	MONTH	LAST YEAR	MONTH	LAST YEAR	DURING MONTH	MONTH	LAST YEAR
Groceries	(36)— 5.1	(36)— 2.6	(25)+ 2.0	(24)— 5.2	(33)— 2.4	(32)— 7.1	(33) 106.2	(28)— 1.3	(28)— 3.7
Hardware	(14)— 9.3	(14)— 4.8	(9)— 2.8	(9)— 9.4	(14)— 3.2	(14)— 0.8	(14) 204.4	(12)— 1.5	(12)+ 2.3
Dry Goods	(13)— 2.9	(13)+ 2.8	(10)+ 3.3	(10)— 2.9	(12)+ 1.4	(11)— 0.1	(12) 307.8	(10)—10.9	(9)— 4.2
Drugs	(13)— 7.4	(13)— 0.7	(12)+ 0.0	(12)— 1.2	(11)— 1.0	(11)+ 2.5	(11) 145.8	(7)— 2.1	(5)+ 4.1
Shoes	(8)—22.2	(8)+ 7.2	(6)+ 3.0	(5)+17.2	(7)— 5.9	(6)+ 7.8	(7) 323.3	(6)— 9.9	(5)+21.1
Electrical Supplies	(40)— 2.0	(39)+11.3	(34)— 3.1	(33)— 8.3	(40)+ 1.7	(39)+ 5.3	(40) 141.3	(31)+ 2.3	(30)+ 6.6

Figures in parentheses indicate number of firms included.

Department Store Trade—July data on department store trade in this district reflect a continuance of the seasonal decline in sales, the aggregate for 104 reporting stores dropping 22.6 per cent below the June total. In the comparisons with a year ago, however, sales were larger, increasing 8.1 per cent over last July, and the total for the first seven months of the year gaining 4.8 per cent over the corresponding period of 1927. The larger cities of the district—Chicago, Detroit, Indianapolis, and Milwaukee—as well as the smaller cities showed larger sales in the comparison of this July with last; Chicago, Detroit, Milwaukee, and the smaller centers had heavier sales for the year to date, with Indianapolis indicating a very slight decline. Stocks on hand July 31 averaged 1.9 per cent lower than a month previous for the district and were 2.3 per cent heavier than

a year ago. Collections during July declined 9.8 per cent from June, but were 7.9 per cent above July last year, while accounts receivable the end of the month decreased by 7.2 and gained 7.5 per cent in the respective monthly and yearly comparisons. The ratio of July collections to accounts outstanding the end of June averaged 38.9 per cent this year, compared with 38.2 per cent in 1927.

Retail Shoe Trade—Twenty dealers and the shoe sections of nineteen department stores report July sales as 23.8 per cent smaller than in the preceding month, but 7.5 per cent heavier than last July. For the year to date, sales have been 1.7 per cent below the corresponding period of 1927. Stocks on hand July 31 were slightly less than a month previous, though totaling 5.4 per cent above a year ago. Accounts receivable the end of the month declined 2.0 per

cent from June 30 and 4.5 per cent from July 31, 1927, according to the reports of thirteen dealers. Collections during the month were 8.9 per cent less than in June, but aggregated 30.9 per cent more than last July; the majority of firms, however, reported declines in the latter comparison. The ratio of accounts receivable to sales during the month averaged 70.3 per cent for July, 74.8 per cent in June, and 76.0 per cent a year ago.

Retail Furniture Trade—Sales during July by twenty-two retail furniture dealers and by the furniture and furnishings sections of twenty department stores totaled 18.6 per cent less than in June and 3.7 per cent under a year ago. Installment sales of sixteen dealers declined 18.8 and 11.1 per cent in the respective comparisons. Collections on installment accounts were 6.4 per cent smaller in the monthly comparison, but increased 1.5 per cent over July last year, while total collections declined 6.6 and 4.1 per cent, respectively. Accounts receivable the end of July aggregated 2.3

per cent less than a month previous and 0.1 per cent under a year ago. Stocks of dealers and department stores were lower by 3.6 per cent than on June 30 and 0.8 per cent heavier than on the corresponding date of 1927.

Chain Store Trade—The number of stores operated by twenty-five chains increased 1.5 per cent in July over June (from 2,353 to 2,389), but aggregate sales fell off 8.5 per cent. In the comparison with July a year ago, the number of stores gained 21.0 per cent, while total sales were 14.4 per cent larger. Average sales per store, therefore, declined 9.9 per cent in the monthly and 5.5 per cent in the year-to-year comparison. By groups, musical instruments, groceries, cigars, furniture, women's clothing, and five-and-ten cent stores indicated recessions in July sales from June, with shoe, drug, and men's clothing chains reporting gains; in the comparison with July, 1927, musical instrument and cigar chains had smaller aggregate sales, and the other groups showed increases.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of July Firms 1928	June 1928	July 1927	June 1927
Meat Packing—(U. S.)—				
Sales (in dollars)	59	111.2	112.3	102.3 104.4
Casting Foundries—				
Shipments:				
Steel—In dollars	15	73.2	82.9	78.6 86.8
In tons	15	72.3	82.9	77.3 88.7
Malleable—In dollars	18	59.9	66.9	54.5 64.7
In tons	16	94.8	99.7	68.3 77.8
Stoves and Furnaces—				
Shipments (in dollars)	12	85.2	93.3	82.2 86.5
Agricultural Machinery & Equipment—(U. S.)—				
Domestic Sales (in dollars)	83	204.7	222.4	158.5 176.2
Exports (in dollars)	56	248.3	202.8	158.8 123.0
Total Sales (in dollars)	83	211.6	219.3	158.5 167.6
Production	82	142.9	142.4	113.8 116.7
Furniture—				
Orders (in dollars)	27	129.2	71.9	133.9 80.2
Shipments (in dollars)	27	75.7	79.6	92.6 91.5
Shoes—¹				
Production (in pairs)	32	86.0	97.4	101.5 116.4
Shipments (in pairs)	32	98.4	96.0	102.8 105.7
Electric Energy—				
Output of Plants (KWH)	8	142.1	137.7	125.9 125.5
Industrial Sales (KWH)	8	181.7	169.9	151.6 149.3
Flour—				
Production (in bbls.)	32	94.7	92.0	97.2 98.1
Output of Butter by Creameries—				
Production	74	157.1	170.7	153.2 174.9
Sales	74	131.4	132.5	130.0 140.4
Automobiles—				
Distribution in Middle West:				
New cars—Wholesale—Number sold..	32	207.5	229.1	196.8 149.1
Value	32	159.8	176.7	150.0 134.4
New cars—Retail —Number sold..	84	126.4	114.6	87.6 94.6
Value	84	121.7	133.2	110.9 126.6
New cars—On hand—Number	48	104.8	144.9	103.6 107.7
Value	48	88.9	122.5	101.0 111.8
Used cars—Number sold..	78	160.5	172.8	135.3 173.1
Value	46	117.3	119.1	112.5 115.3
Used cars—On hand—Number	46	127.9	140.3	131.4 125.8
Value	114.8	121.1	80.5	94.7
Production (U. S.): Passenger cars...	146.4	113.0	88.1	120.5
Trucks				
Freight Carloadings—(U. S.)—				
Grain and Grain Products	118.3	76.5	106.4	90.3
Live Stock	71.5	77.5	80.1	82.0
Coal	86.7	85.9	87.5	89.9
Coke	77.1	82.1	84.3	88.2
Forest Products	87.9	94.1	92.6	96.8
Ore	167.9	173.7	169.1	171.9
Merchandise and Miscellaneous	113.8	111.8	111.7	112.3
Total	107.5	105.0	106.5	107.1
Iron and Steel—				
Pig Iron Production: ²				
Illinois and Indiana	118.5	122.1	109.4	124.8
United States	100.9	104.6	96.9	104.9
Steel Ingot Production—(U. S.) ³	114.4	108.0	96.2	100.9
Unfilled Orders U. S. Steel Corp.	74.8	76.2	65.8	63.9

Wholesale Trade—

Net Sales (in dollars):

	No. of July Firms 1928	June 1928	July 1927	June 1927
Groceries	37	96.6	101.8	97.8 107.4
Hardware	16	85.9	94.4	90.2 98.6
Dry Goods	12	75.4	77.9	73.4 78.1
Drugs	10	90.7	98.3	92.9 97.7
Shoes	8	77.1	99.1	71.9 86.4

Retail Trade (Dept. Stores)—

Net Sales (in dollars):

	No. of July Firms 1928	June 1928	July 1927	June 1927
Chicago	31	80.9	108.8	76.0 106.1
Detroit	4	109.3	143.3	93.0 130.3
Indianapolis	5	80.0	94.6	77.0 99.0
Milwaukee	5	83.3	108.1	81.9 103.8
Outside	60	82.1	95.4	77.6 95.7
Seventh District	105	86.3	111.1	80.0 107.5

Retail Trade—(U. S.)—

	No. of July Firms 1928	June 1928	July 1927	June 1927
Department Stores	565	78	103	75 101
Mail Order Houses	4	119	127	93 107

Chain Stores:

	No. of July Firms 1928	June 1928	July 1927	June 1927
Grocery	34	199	207	167 178
Drugs	13	164	162	141 136
Shoe	7	116	147	109 118
Five and Ten Cent	14	128	139	121 123
Candy	4	118	121	112 114
Apparel	5	180	216	157 172
Cigar	4	100	108	111 109

Stamp Tax Collections—⁴

	No. of July Firms 1928	June 1928	July 1927	June 1927
Sales or Transfers of Capital Stock ..	137.5	202.5	80.8	94.0
Sales of Produce on Exchange—Futures	86.6	134.3	115.3	99.5

U. S. Primary Markets—⁴

	No. of July Firms 1928	June 1928	July 1927	June 1927
Grain Receipts:				
Oats	33.4	34.0	38.6	48.3
Corn	114.7	86.0	68.6	122.3
Wheat	226.4	44.9	170.2	59.9

Grain Shipments:

	No. of July Firms 1928	June 1928	July 1927	June 1927
Oats	21.2	38.1	41.1	49.8
Corn	76.2	88.6	57.9	62.4
Wheat	100.3	44.5	75.1	50.4

Building Construction—

Contracts awarded (in dollars):

	No. of July Firms 1928	June 1928	July 1927	June 1927
Residential	177.3	170.2	134.8	192.2
Total	205.4	187.8	156.9	205.3

Permits:

	No. of July Firms 1928	June 1928	July 1927	June 1927
Chicago				
Number	52.8	66.9	63.2	82.5
Cost	105.8	93.7	74.5	101.9
Indianapolis				
Number	68.5	72.3	85.7	107.1
Cost	122.7	105.3	66.0	184.9
Des Moines				
Number	54.6	59.8	49.0	53.6
Cost	71.5	113.7	57.1	48.1
Detroit				
Number	73.3	89.6	69.4	85.1
Cost	90.9	84.5	101.3	146.1
Milwaukee				
Number	85.0	101.7	93.5	111.9
Cost	77.5	101.8	96.0	106.0
Others (45)				
Number	97.4	111.6	100.7	122.8
Cost	116.7	105.8	104.0	140.5
Fifty Cities				
Number	81.9	95.3	86.5	105.8
Cost	103.7	95.5	87.8	122.9

1. Monthly average of mean of production and shipments in 1923-24-25=100; 2. Average daily production; 3. First Illinois internal revenue district; 4. Monthly average receipts 1923-24-25=100.

5